



Director of
Intelligence

Approved For Release 2004/05/22 : CIA-RDP79T00975A031400270002-2

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National Intelligence Daily (Cable)

1 June 1979

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NICARAGUA - COSTA RICA: Rising Tensions

//Nicaragua's National Guard appears to be containing the Sandinista guerrilla offensive in the southwest, but the fighting has greatly increased tensions between the Somoza government and neighboring Costa Rica.

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//Yesterday Somoza accused Costa Rica of mobilizing its civil guard to invade Nicaragua and rescue trapped guerrillas--a highly improbable scenario. The charge was more likely intended to build Somoza's case against Costa Rica before the Organization of American States next week than to justify an attack across the border. Although Somoza would like to clean out guerrilla sanctuaries in Costa Rica or bring more OAS border observers into the area, he believes he has the Sandinistas on the run and probably would not take action against Costa Rica that would trigger Panama's joining the fray.

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BRIEFS AND COMMENTS

ISRAEL: Policy on Southern Lebanon

An unofficial cease-fire yesterday appears to have ended nearly a week of artillery exchanges in southern Lebanon between Israeli-backed Christians commanded by renegade Lebanese Army Major Haddad and the Palestinians, and shelling by Haddad's men of the UN zone. The deterioration of security in the area resulting from the latest exchanges may jeopardize the continued presence of the UN force, whose mandate comes up for renewal in mid-June. Several countries already have expressed anger that Israel has not restrained Haddad.

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Israeli Prime Minister Begin and Defense Minister Weizman want to avoid clashes between UN forces and Haddad's militia mainly to minimize friction with the US over Israeli support for Haddad. In the past, Begin and Weizman have grudgingly agreed to lean on Haddad, and they probably remain willing to press him to demonstrate minimal restraint. Some senior figures in the Israeli military, however, may hope that Haddad's provocations will force the withdrawal of the UN force.

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_____ would relish greater freedom to operate in Lebanon against Palestinian commandos.

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The Israeli leadership generally remains skeptical of the ability of the UN troops to prevent Palestinian cross-border terrorist attacks. Begin and Weizman presumably believe that the successful conclusion of treaty negotiations with Egypt has given Israel greater latitude to pursue its preemptive attacks against Palestinians and their training bases throughout Lebanon. The Israelis believe the importance of this objective outweighs increasing criticism of their actions in the UN, a body the Israelis regard as hostile to them.

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MAURITANIA: New Prime Minister

Mauritania's ruling military committee yesterday named Defense Minister Khouna Heydalla, a former Armed Forces Chief of Staff, to succeed Prime Minister Bousseif, who died in a plane crash on Sunday. Heydalla seems likely to continue Bousseif's search for a negotiated settlement of the Western Sahara conflict that will leave Mauritania on good terms with both Morocco and Algeria. The new Prime Minister, however, apparently lacks Bousseif's leadership skills and an independent power base and thus is unlikely to be able to end the internal power struggle that has plagued Mauritania since the military took over last July.

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Heydalla is not readily identifiable with any of the factions within the military committee. These factions largely reflect competition among military officers for power; they also represent marginally different approaches to ending the Western Sahara conflict and different leanings toward radical or moderate Arab ideologies. President Saleck, who in recent months has been relegated to playing a ceremonial role, leads one faction, and continues--with Iraqi backing--to jockey for power.

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Political stability will be further threatened in the near term by heightened tension between Mauritania's blacks and Moors. In recent weeks, black students have been demonstrating throughout the country to protest educational policy changes that favor the Arabic language curriculum used by Moors over the French system used by blacks. The black population sees this issue as part of its larger struggle for political equality with the Moors.

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VENEZUELA: Offshore Oil Strike

Venezuela reportedly has made its first commercial offshore oil strike after having drilled eight dry wells. According to the Energy Ministry, the initial flow from the discovery, which is located in the Gulf of Vela, is 2,000 barrels per day; it will be several weeks, however, before firm production estimates are made. The medium-grade oil is believed to be an extension of the onshore Cumarebo field, which was shut down in 1970. Venezuela drilled in these waters in the early 1970s with inconclusive results. The new discovery is a welcome sign in Venezuela's extensive search for oil--particularly for light and medium grades--and should help the state-owned petroleum industry overcome growing domestic criticism of its expensive offshore exploration program. Offshore development has a high priority in Caracas's efforts to replenish declining reserves. At current production levels, proven reserves will last only 21 years with reserves of lighter crudes expected to run out in less than half this time. [REDACTED]

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PORTUGAL: Budget Approval

The Portuguese legislature Wednesday approved independent Prime Minister Mota Pinto's austerity budget amid pronouncements from the Socialist and Communist parties that they will sponsor separate censure motions against the government. The approval was expected, despite the parties' hostility. Inflation has put mounting pressure on state-funded programs and institutions, which are operating at last year's budget levels. The absence of a current budget was also an obstacle to a new agreement with the International Monetary Fund, which Portugal hopes will facilitate essential long-term borrowing from abroad. The Socialists--who when allied with any other major party command a legislative majority--will submit their censure motion Monday. Two censure motions, separated by at least 30 days, must be approved to bring down a government. The Socialists hope to convince Mota Pinto to resign or submit to a confidence vote without waiting for a second motion. The Prime Minister seems unlikely to quit, however, and thus could be ousted as early as mid-July.

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